

REMARKS

These Remarks are in response to the Office Action mailed February 28, 2006. Claims 1-6, 24-25, 30, 34, and 39 are now pending in this application; claims 7-23, 26-29, 31-33, 35-38, and 40-50 are withdrawn. Claims 1 and 3 have been amended; those amendments are supported throughout the specification, especially at pages 6-12.

Claim Rejections

Section 112

Claims 1, 2-4, 24-25, 30, 34, and 39 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. These rejections are believed to be overcome by the current amendments.

Specifically, claim 1 has been amended to make clear that the claimed system is a computer-implemented system.

Regarding the “means for” limitations of claim 1, the Office Action is unclear as to whether these limitations render the claims indefinite. However, claim 1 has been amended to remove those limitations.

Finally, claim 1 has been amended as suggested in the Office Action regarding “one or more Security Receipts.”

Thus, claim 1 is believed to have been amended in a manner sufficient to overcome the outstanding 112 rejections. However, these amendments are made without prejudice.

Claim 3 is rejected as being “redundant as to the final limitation of claim 1.” Applicants respectfully traverse this rejection. The final limitation of claim 1 is of the form “having feature A *or* feature B,” while claim 3 is of the form “having features A *and* B.” A system which possesses limitation (i) in claim 1, but not limitation (ii), would infringe claim 1, but not claim 3. Consequently, there is no redundancy, and no double patenting.

Section 103

Claims 1-6, 24-25, 30, 34, and 39 stand rejected under 35 U.S.C. § 103 as being unpatentable over Telebras TLBHOLDERS (“TLBHOLDERS”), in view of U.S. Patent No. 6,601,044, to Wallman. These rejections are respectfully traversed.

TLBHOLDERS has been discussed in previous responses, and those discussions are incorporated herein by reference. Of particular relevance to the present rejection are the

following deficiencies of TLBHOLDERS: (1) TLBHOLDERS does not teach Security Receipts evidencing beneficial ownership in pre-existing securities; (2) Telebras HOLDERS Depositary Receipts were a very special and very limited instrument designed to deal with a relatively simple situation, and were not designed to deal, for example, with a situation where pre-existing underlying securities represent beneficial ownership in a number of unrelated companies; (3) Telebras HOLDERS involves exchanging *one* security (stock in the original Telebras company) for a Depositary Receipt; and (4) owners of Telebras HOLDERS did not receive voting rights.

Wallman is directed to a system for allowing investors to own individualized portfolios of securities and to trade those securities in a manner that provides "group discounts":

The present invention solves the problem of individual or smaller investors (which includes investors investing a smaller amount and collectively referred to herein as "investors"), creating and managing on a cost-effective basis a complex portfolio of securities. The present invention does this by providing a computer-based system to which the investor provides his preferences, which system generates a portfolio that reflects the investor's preferences or assists the investor in selecting a portfolio, allows that portfolio to be modified by the investor as a whole portfolio and allows the investor to direct that the portfolio or specified individual securities in the portfolio be purchased or sold or modified as a portfolio transaction. The system further aggregates orders generated by other investors at various times during the day for execution, and includes a device for such execution with investors being allocated specific interests, including small numbers of (and fractional shares, if needed in) securities. The system further nets the various transactions so aggregated to provide even better execution and even lower costs

Wallman, column 11, lines 26-45.

Wallman is unrelated to the present invention. In fact, Wallman spends its first four columns teaching away from the present invention.

At column 1, lines 41-52, Wallman states:

[I]nvestors can purchase an interest in an intermediary (which interest could itself be a security), such as a trust, corporation or other business vehicle that derives its value from multiple other securities (such as a trust that contains a portfolio of stocks like the stocks that comprise the S&P 500, or a portfolio of other stocks). This second category of intermediary products is principally comprised of open-end mutual funds (such as the Fidelity, Vanguard, Scudder and other

mutual funds) that invest in other securities, but also includes closed-end mutual funds, unit trusts and other vehicles, and is referred to collectively herein as "funds."

In other words, Wallman refers collectively to products such as Telebras HOLDRS as "funds." Wallman then proceeds to spend the next four columns listing nine different "disadvantages" of funds. These disadvantages are: (1) inability to select securities or monitor selection of securities; (2) inability to control tax effects; (3) inability to manage tax effects; (4) inability to exercise shareholder rights or rights regarding reinvestment or distributions; (5) inability to modify or control costs; (6) inability to make intra day modifications; (7) inability to monitor and control risk levels and styles of investing; (8) inability to switch fund families or funds without consequences; and (9) inability to manage multiple investments as a whole.

Providing nine different reasons not to use a product is the most strenuous kind of teaching away imaginable. It is the polar opposite of providing a motivation to combine. No one skilled in the art would be motivated to combine the teachings of Wallman with any sort of vehicle related to what Wallman calls "funds." And Telebras HOLDRS are that kind of vehicle.

Thus, there is no motivation to combine Wallman with TLBHOLDRS. In fact, *there is the strongest teaching away imaginable – nine different reasons are provided for not using products such as TLBHOLDRS.*

Moreover, Wallman fails to teach many of the limitations for which it is cited. For example, in rejecting claim 5 the Office Action states that Wallman teaches permitting an owner of a Security Receipt to vote an underlying security. But this not correct. As explained above, a user of Wallman's system would never consider using an intermediary investment vehicle such as a Security Receipt.

When Wallman refers to "passing through voting rights" of securities he is referring to passing through the system that administers the basket of securities – not passing through an intermediate investment vehicle. Wallman's system uses only direct ownership of securities, so there is no intermediate investment vehicle. See, for example, Wallman, column 44, lines 51-56: "because the investor actually owns the individual securities in the portfolio, instead of just an interest in a fund, the investor has the right to vote the underlying stocks (or delegate the voting in accordance with various instructions), and sell individual stocks when he wishes."

Also, in rejecting claims 24, 25, and 30, the Office Action asserts that Wallman teaches the claim 25 limitation of “said underlying securities comprise stock in a plurality of separate companies within a particular industry, said separate companies not being part of and never having been part of the same company.” This assertion is incorrect. As explained above, Wallman teaches against using an intermediate investment vehicle. Thus, at column 21, line 63 – column 22, line 44, Wallman teaches nothing about *underlying securities*. The securities in Wallman are all directly owned – so there are no underlying securities.

Likewise, since Wallman’s system is a direct ownership based system, there is no “beneficial interest” involved, and the assertions made in the Office Action to reject claims 34 and 39 are unfounded.

In summary, TLBHOLDERS and Wallman cannot properly be combined. Wallman strenuously teaches away from using an intermediate investment vehicle such as that described in TLBHOLDERS. Moreover, Wallman fails to teach many of the limitations for which it is cited.

Consequently, Applicants respectfully request reconsideration and withdrawal of the § 103 rejections of claims 1-6, 24-25, 30, 34, and 39.

Applicants believe that all claim rejections have been successfully overcome by this response. Applicants respectfully submit that all pending claims are in condition for allowance and request the Patent Office to pass the subject application to issue.

No fee is believed due with this response, other than the extension fee authorized above and the separately authorized RCE fee. However, if any other fee is due, please charge that fee to Deposit Account No. 50-0310.

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Respectfully submitted,



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